

# 2010-11 – 1st & 2nd QUARTER STATUS REPORT – Sr. Investment Officer, Global Equity (E. Baggesen)

Page 1 of 2

## Quantitative Performance Measures

### Total Fund

Weight	Performance Measure	Incentive Schedule	2nd Quarter Status
40%	Excess return deviation in basis points relative to: Total Fund Performance Benchmark {SJ1CA1 – CPERST02}	-27 basis points = 0 +7 basis points = 1.0 +23 basis points = 1.5	+26 bps {13.96 – 13.70}

### Total Global Equity Performance

Weight	Performance Measure	Incentive Schedule	2nd Quarter Status
35%	Excess return deviation in basis points relative to: Global Equity Performance Benchmark {GLOBLIC – CPERSGE2}	-17 basis points = 0 +3 basis points = 1.0 +22 basis points = 1.5	+28 bps {25.39 – 25.11}

## Qualitative Performance Measures *(All performance measures utilize standard Qualitative incentive schedule unless otherwise noted)*

### Leadership

Weight	Performance Measure
15%	<ul style="list-style-type: none"> <li> <b>Investment Office Leadership and Management</b> – By June 30, 2011, contribute to the value creation, capacity building, and organization support for the Investment Office by executing the following: <ul style="list-style-type: none"> <li>Drive global leadership and financial market reform to improve investment performance and enhance delivery of services.</li> <li>Build organizational excellence by strengthening and reinforcing a value driven culture that fosters accountability, transparency, and integrity by utilizing Senn Delaney training and communication concepts.</li> <li>Mentor and develop staff through regular coaching and feedback. Ensure 95% completion rate for annual performance appraisals and employee development plans.</li> </ul> </li> <li> <b>Team Participation – Cross Asset Class Collaboration</b> – By June 30, 2011, participate in and support cross asset class initiatives, such as the Investment Office Roadmap, Investment Strategy Group, Risk Management, and Governance initiatives to improve investment performance and processes. </li> <li> <b>Individual Contributions – Asset Class Priorities</b> – By June 30, 2011, implement asset class priorities which contribute to the success of your program by adopting innovative approaches and overcoming obstacles to improve investment performance and processes. </li> <li> <b>Organizational Management Practices</b> <ul style="list-style-type: none"> <li>Maintain an average position vacancy rate of 5% or less through the fiscal year 2010-11.</li> <li>Ensure all Form 700 Statements of Economic Interest are filed by scheduled employees by the mandated due date of April 1, 2011.</li> <li>Ensure all scheduled employees complete the legally mandated AB 1234 ethics training by June 30, 2011.</li> <li>Maintain a 90% EPAD completion rate.</li> <li>Address and resolve all outstanding audit findings within 12 months of audit report.</li> <li>Dedicate 30 minutes per month for Employee Recognition during the year through fiscal year 2010-11.</li> </ul> </li> </ul>

### 1st & 2nd Quarter Status:

- Continued input into regulatory rulemaking process and prioritization of areas of engagement for CalPERS.
- Held meeting with nine large institutional investors to explore integration of ESG considerations within all asset classes.
- Continued cross asset class activity with Fixed Income team on Synthetic Enhanced Equity Portfolio.
- Continued participation in Rapid Results projects such as “Composite Rationalization”.
- Participated in “contract workout” activity and obtained organizational support to create an alternative solicitation model to replace inflexibility in RFP process during external skill search.

# 2010-11 – 1st & 2nd QUARTER STATUS REPORT – Sr. Investment Officer, Global Equity (E. Baggesen)

Page 2 of 2

## Global Equity Performance Priorities

Weight	Performance Measure
10%	<p>Support of the continuing restructure of the methods and process used to allocate capital more effectively within Global Equity by completing work within one or more of the categories below:</p> <ul style="list-style-type: none"><li>• The "Internal Equity Portfolio Construction" project.</li><li>• Functionalization/organization of the work performed within the external strategy area:<ul style="list-style-type: none"><li>○ Information management process to utilize the data entering from the "Investment Proposal Intake" system</li><li>○ Monitoring</li><li>○ Due diligence</li><li>○ Contracting</li><li>○ Communication</li></ul></li><li>• Construction of an improved communication model for all constituent audiences.</li><li>• Capital allocation optimizer.</li><li>• Identification and utilization of a "knowledge management" system.</li><li>• The data movement to and from the external "manager skill assessment process".</li></ul>
<b>1st &amp; 2nd Quarter Status:</b> <ul style="list-style-type: none"><li>• Benchmark relative optimization process is functional.</li><li>• Continued periodic rebalance activity and redeployment of capital.</li><li>• Contracting in process for replacement of Internal Equity portfolio management system.</li><li>• Specification of tasks associated with continued functionalization taking place with assistance of Robert Schaffer.</li><li>• Communication materials created to discuss Global Equity with senior management.</li></ul>	